

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2010-280-E - ORDER NO. 2010-620
SEPTEMBER 10, 2010

IN RE: South Carolina Electric & Gas Company)	ORDER APPROVING
Request for Blanket Authorization to Sell)	PROPERTY TRANSFER
and, if Necessary, Sub-Divide for Sale)	OUTSIDE COMPETITIVE
Certain Real Property Surrounding SCANA)	BIDDING PROCESS
Corporation's Administrative Offices in)	
Cayce, South Carolina)	

This matter comes before the Public Service Commission of South Carolina (“Commission”) on a Petition by South Carolina Electric & Gas Company (“SCE&G” or the “Company”) for Blanket Authorization to Sell and, if Necessary, Sub-Divide for Sale Certain Real Property Surrounding SCANA Corporation's Administrative Offices in Cayce, South Carolina. By Order No. 92-931, (November 13, 1992) (“Order”), issued in Docket No. 89-230-E/G, the Commission approved certain regulatory requirements regarding the sale and subdivision of real property owned by SCE&G. Among other things, the Order requires SCE&G to (i) file a proposed partitioning of a tract of land for review by the Commission if the Company wishes to sub-divide it into parcels having a market value of less than \$150,000 (“Subdivision Requirement”), and (ii) engage in a competitive bidding process for the sale of any property with an appraised value in excess of \$50,000 (“Bid Requirement”).¹

¹ See Appendix A to Order, pp. 20-21.

Background

SCE&G owns approximately 261 acres of developable property (“Developable Property”) adjacent to SCANA’s administrative offices in an annexed area of Cayce near the intersection of 12th Street and Interstate 77. This property is shown on Appendix A attached to the Petition as Tracts 1 through 6 shaded in yellow. According to SCE&G, the Developable Property is classified as non-utility property and as such is not included in SCE&G’s rate base. Moreover, the Company states that it does not include any costs associated with that property in any utility rates or rate calculations.

The property in question is located at a prominent place at the southern gateway to the Columbia metropolitan area near the intersection of two major interstate highways. SCANA has recently completed construction of its administrative offices in this location with Cayce providing supporting infrastructure. According to SCE&G, these administrative offices are now central to the development of the surrounding property and the broader area.

Request for Blanket Authorization

SCE&G seeks blanket authorization from the Commission to sell, and if necessary sub-divide for sale, the Developable Property without engaging in either the Subdivision Requirement or the Bid Requirement of Order No. 92-931. SCE&G asserts that the reason for this request is related to its goals in marketing the property, which include the Company’s commitment to managing the sale of surrounding property to maintain the integrity and appeal of SCANA’s facility and its commitment to structuring the sale of the Developable Property to preserve and enhance the value of other

undeveloped property in the area. However, the Company states that the aesthetic and monetary value of SCANA's nearby administrative offices depends on how the surrounding property is developed.

SCE&G maintains that while it intends to realize an appropriate return from any sale of the Developable Property, meeting the two non-financial goals mentioned above is of greater importance than maximizing immediate cash returns from property sales. For these reasons, the Company further maintains that it will seek binding commitments from purchasers concerning the future use of the property such as building set-backs, signage, landscaping and architectural standards, routing of roads, placement of access routes and parking areas, preservation of natural areas and open areas, maximum densities and building heights, and other general standards of development. SCE&G envisions negotiating these commitments with potential purchasers on a case-by-case basis with restrictive covenants placed on the deeds to the land purchased.

As a result, the Company indicates that negotiations for purchase of this property may be based on the consideration of specific development plans, and prospective buyers may be required to make a considerable up-front investment in planning and feasibility studies to support these negotiations. The negotiations themselves will require a significant commitment of time by both parties. The ultimate agreement will likely reflect carefully crafted trade-offs between the restrictions that are agreed to and the prices that are offered.

However, this approach to marketing the Developable Property is not consistent with a competitive bidding process. For that reason, SCE&G is requesting blanket

authorization to sell the Developable Property without engaging in the competitive bidding process, which typically limits SCE&G to the highest bidder. In addition, the negotiated sale process that SCE&G envisions is likely to involve consideration of many alternative plans for subdividing the property and taking down tracts of land for development over time. Without the blanket authorization requested here, the Company maintains it would be required to appear before the Commission for every individual lot sale and each time a development or marketing plan changes. It also claims such a requirement could complicate and delay the negotiation of suitable development plans, inject an element of uncertainty into the process, and hinder the interest of potential developers.

Nevertheless, in keeping with the spirit and intent of Order No. 92-931, the Company states it will treat any party to a future real estate transaction fairly and equitably. Apart from price, SCE&G asserts sales decisions will be based on a buyer's ability to meet the Company requirements, and whether the party's intended use of the land is in the best interests of the surrounding property and the interest of Cayce. It further elaborates that neither SCE&G nor any SCANA subsidiary will undertake to purchase or develop any property subject to this blanket authorization, and no party will be offered property at less than fair value.

The Company also notes that, even with the requested blanket authorization, it will still be required to file annually a record of any real property transfers that will include the market value of the property, the book value of the property at the time of transfer, the Company's original purchase price for the property, the selling price and the

terms of sale, the gain or loss on the transfer, the identification of land or property transferred, and the parties involved in the transfer.² Additionally, in light of the nature of this request, the Company is willing to report all sales under this blanket authorization on a transaction-by-transaction basis within sixty (60) days of sale. For all other land transactions involving the Company, SCE&G indicates it understands that the terms and conditions of Order No. 92-931 remain in effect and are to be followed.

The Office of Regulatory Staff (“ORS”) has reviewed this matter and has no objections. Based on its review, ORS has determined that SCE&G is committed to enhancing the value of SCANA’S administrative offices and other undeveloped property in the area. It states that a blanket authorization will assist in negotiations with prospective purchasers.

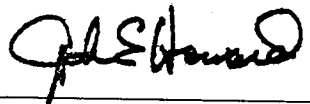
Based on the above information, we find that granting SCE&G’s request is in the public interest. Furthermore, this property is classified as non-utility property, is not included in rate base, and no costs associated with this property are included in rates or rate calculations.

² See Appendix A to Order, p. 15.

IT IS THEREFORE ORDERED:

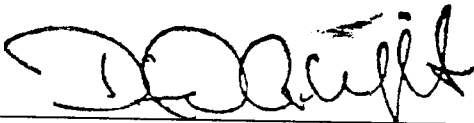
1. The request for a blanket authorization to sell and, if necessary, subdivide for sale certain real property surrounding SCANA Corporation's Administrative offices in Cayce, South Carolina without engaging in the regulatory requirements of Order No. 92-931 is approved.
2. This authorization will only apply to the Developable Property adjacent to SCANA's administrative offices in Cayce.
3. This authorization does not affect the Company's requirement to annually file a record of real property transfers.
4. SCE&G shall report all sales under this blanket authorization on a transaction-by-transaction basis within sixty (60) days of each sale.
5. This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



John E. Howard, Chairman

ATTEST:



David A. Wright, Vice Chairman
(SEAL)